

April 9, 2014

VIA E-MAIL

House Committee on Ways & Means
1102 Longworth House Office Building
Washington D.C. 20515

RE: **Inclusion of § 179D as Part of Tax Extenders Package**

Dear House Ways & Means Committee,

We are writing to you today to urge you to include the extension of Section 179D, Energy Efficient Commercial Buildings Deduction, as part of a Tax Extenders Package.

True Partners Consulting LLC is a nationally-recognized tax and business advisory firm dedicated to assisting clients by delivering the highest quality service in all areas of tax and unclaimed property. We support companies nationwide to understand and meet all essential Federal tax obligations while assisting them in moving forward—beyond compliance to effective strategic positioning. We have found Section 179D to be a valuable tool for companies who want to become more energy efficient.

As you know, Section 179D directly supports two national priorities: Job Creation and Energy Independence. Section 179D was introduced into the tax code in 2005. It was further extended in 2008, and it expired on January 1, 2014. Since its inception, Section 179D has assisted thousands of building owners (including owners of government buildings) to retain jobs and increase profitability; it has also increased job creation in the trades, where energy efficiency retrofits create large numbers of high paying jobs for a labor pool that was particularly impacted by the economic downturn. At the same time, Section 179D has helped reduce our nation's dependence on foreign oil, thereby increasing America's energy security.

Jobs

Energy efficiency projects require enormous skilled and semi-skilled work forces. By cost-justifying projects, Section 179D plays a direct role in supporting a major source of employment. For example, lighting retrofits require lighting designers and laborers to remove and dispose existing fixtures, distribution centers to store the new lighting material, laborers to stage the new material near the job site, and electricians to install the new fixtures. HVAC retrofits require engineers for project system design, substantial U.S. manufacturing activity (most HVAC equipment is heavy and made in the U.S.), U.S. steel procurement, and HVAC mechanics to install the equipment. Moreover, the building envelope involves a wide variety of manufactured and workshop materials including roofs, walls, windows, doors, foundations and insulation, as well as the labor required to create and install these products and incorporate them into a building. Finally, reduced building expenses allow building owners to retain more jobs.

Energy Security

Our nation's goal of becoming energy independent cannot be achieved through domestic oil and natural gas production alone. Energy efficiency is a largely untapped natural resource. Commercial buildings represent 20% of our nation's energy use. "Drilling" for building energy efficiency is the least costly natural resource we have. For building owners, the upfront cost of retrofitting is expensive, but with utility and government assistance working together with building owners, energy use reductions between 20% and 50% can be obtained.

Commercial building energy efficiency is a critical way for utilities to reduce carbon emissions. By improving the cost benefit equation of an energy efficiency retrofit, Section 179D plays an important role in helping utilities comply with national policy while simultaneously reducing the need for costly new power plants.

Looking Ahead

Today, taxpayers and industry understand how to use Section 179D prospectively to achieve the greatest possible energy reduction far better than they did eight years ago. Extending this provision will empower our country to realize major energy efficiency gains and without creating a material cost to Treasury. Efficiency gains will increase taxable income over time for commercial building owners, thereby reducing Treasury's losses from accelerating the depreciation.

Conclusion

Section 179D supports a key investment in the American economy: energy efficiency. Energy efficiency is a force-multiplying investment that saves energy, saves money, and sustains and creates American jobs. Comprehensive energy efficiency upgrades drastically improve the reliability and performance of the nation's building stock, while reducing demand on energy supply. We strongly support its inclusion as the House Ways & Means Committee contemplates tax extenders.

Sincerely,

TRUE PARTNERS CONSULTING LLC

A handwritten signature in black ink, appearing to read "Robert M. Gordon", with a long horizontal flourish extending to the right.

For further information contact:

Robert M. Gordon

Managing Director

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